

APR 12 2006

Michigan Department of Treasury
496 (2-04)**Auditing Procedures Report**

Issued under P.A. 2 of 1968, as amended.

LOCAL AUDIT & FINANCE DIV.
County
MACOMB

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name NEW HAVEN
Audit Date 3/31/05	Opinion Date 12/28/05	Date Accountant Report Submitted to State: 4/7/06

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

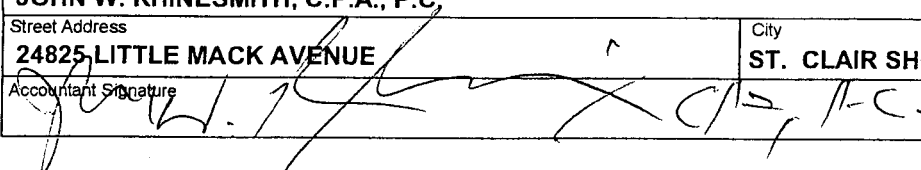
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☒ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) JOHN W. RHINESMITH, C.P.A., P.C.			
Street Address 24825 LITTLE MACK AVENUE		City ST. CLAIR SHORES	State MI
Accountant Signature 		ZIP 48080	Date 4/7/06

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Village Board
Village of New Haven
New Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of New Haven, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Village, prior to the year ended March 31, 2005, had not maintained a record of its general fixed assets as required by accounting principles generally accepted in the United States of America. The effects of this omission on the financial statements of the governmental activities are not reasonably determinable. Also, the Village has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.


In our opinion, except for the effects, if any, of not maintaining a record of general fixed assets for the governmental activities and omitting Management's Discussion and Analysis as described previously the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, Michigan as of March 31, 2005 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the effects, if any, of omitting Management's Discussion and Analysis as described previously, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, Michigan as of March 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Members of the Village Board
Village of New Haven, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of New Haven, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note A, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related statements, as of April 1, 2004.



JOHN W. RHINESMITH, C.P.A., P.C.
Certified Public Accountant

December 28, 2005

VILLAGE OF NEW HAVEN
STATEMENT OF NET ASSETS
MARCH 31, 2005

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<hr/>			
ASSETS			
CASH AND CASH EQUIVALENTS	\$2,846,188	\$2,273,967	\$5,120,155
RECEIVABLES:			
Taxes (net of allowance)	33,551	0	33,551
Accounts	66,415	188,338	254,753
INTERNAL BALANCES	45,248	(45,248)	0
RESTRICTED ASSETS:			
Certificates of deposit	42,638	153,772	196,410
CAPITAL ASSETS, NET OF DEPRECIATION	179,537	2,556,825	2,736,362
TOTAL ASSETS	3,213,577	5,127,654	8,341,231
<hr/>			
LIABILITIES			
ACCOUNTS PAYABLE	103,323	104,671	207,994
ACCRUED EXPENSES	30,226	9,219	39,445
DEPOSITS	0	148,751	148,751
CURRENT PORTION OF BONDS AND LEASES	51,933	85,200	137,133
LONG TERM DEBT: BONDS, LEASES AND COMPENSATED ABSENCES	190,218	178,920	369,138
TOTAL LIABILITIES	375,700	526,761	902,461
<hr/>			
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	179,537	2,292,705	2,472,242
RESTRICTED:			
Sewer	0	153,772	153,772
Cemetery Perpetual Care	42,638	0	42,638
UNRESTRICTED	2,615,702	2,154,416	4,770,118
TOTAL NET ASSETS	\$2,837,877	\$4,600,893	\$7,438,770

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
					PRIMARY GOVERNMENT		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$606,501	\$226,334	\$2,500	\$0	(\$377,667)	\$0	(\$377,667)
	772,409	0	24,450	0	(747,959)	0	(747,959)
	191,644	0	0	0	(191,644)	0	(191,644)
	50,493	0	0	0	(50,493)	0	(50,493)
	14,085	0	0	0	(14,085)	0	(14,085)
TOTAL GOVERNMENTAL ACTIVITIES	1,635,132	226,334	26,950	0	(1,381,848)	0	(1,381,848)
BUSINESS-TYPE ACTIVITIES	443,440	546,936	0	0	0	103,496	103,496
	586,685	703,072	0	0	0	116,387	116,387
	168,631	217,212	0	0	0	48,581	48,581
	1,198,756	1,467,220	0	0	0	268,464	268,464
TOTAL BUSINESS-TYPE ACTIVITIES							
TOTAL PRIMARY GOVERNMENT	\$2,833,888	\$1,693,554	\$26,950	\$0	(1,381,848)	268,464	(1,113,384)
General revenues:							
Taxes					1,081,968	0	1,081,968
Licenses and permits					0	0	0
Intergovernmental					540,393	0	540,393
Interest					82,908	1,769	84,677
Miscellaneous					226,599	0	226,599
Transfers					0	0	0
Total general revenues and transfers					1,931,868	1,769	1,933,637
CHANGE IN NET ASSETS					550,020	270,233	820,253
NET ASSETS - Beginning of the year as restated					2,287,857	4,330,660	6,618,517
NET ASSETS - End of the year					\$2,837,877	\$4,600,893	\$7,438,770

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2005

	MAJOR SPECIAL REVENUE FUNDS						OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	MAJOR STREET FUND	LOCAL STREET FUND	MUNICIPAL STREET FUND	FIRE FUND			
CASH AND CASH EQUIVALENTS	\$1,708,221	\$413,369	\$26,394	\$512,052	\$166,936		\$19,216	\$2,846,188
CERTIFICATES OF DEPOSIT - RESTRICTED	0	0	0	0	0		42,638	42,638
RECEIVABLES:								
Taxes (net of allowance)	33,551	0	0	0	0		0	33,551
Accounts	4,078	0	61,518	0	0		819	66,415
DUE FROM OTHER FUNDS	45,248	0	0	0	0		0	45,248
TOTAL ASSETS	\$1,791,098	\$413,369	\$87,912	\$512,052	\$166,936		\$62,673	\$3,034,040

LIABILITIES AND FUND EQUITY								
LIABILITIES								
ACCOUNTS PAYABLE	\$87,623	\$1,996	\$342	\$2,567	\$2,920	\$7,875	\$103,323	
ACCRUED EXPENSES	30,070	0	66	0	0	90	30,226	
DUE TO OTHER FUNDS	0	0	0	0	0	0	0	
TOTAL LIABILITIES	117,693	1,996	408	2,567	2,920	7,965	133,549	
FUND EQUITY								
RESERVED	0	0	0	0	0	42,638	42,638	
UNRESERVED - UNDESIGNATED	1,673,405	411,373	87,504	509,485	164,016	12,070	2,857,853	
	1,673,405	411,373	87,504	509,485	164,016	54,708	2,900,491	
TOTAL LIABILITIES AND FUND EQUITY	\$1,791,098	\$413,369	\$87,912	\$512,052	\$166,936	\$62,673	\$3,034,040	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
MARCH 31, 2005

TOTAL FUND BALANCE GOVERNMENTAL FUNDS	\$2,900,491
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets	197,048
Accumulated depreciation	(17,511)

Long - term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(21,074)	
Capital leases	<u>(221,077)</u>	<u>(242,151)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$2,837,877</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	MAJOR SPECIAL REVENUE FUNDS					OTHER		
	MAJOR	LOCAL	MUNICIPAL	FIRE	NONMAJOR	GOVERNMENTAL	GOVERNMENTAL	TOTAL
	STREET FUND	STREET FUND	STREET FUND	FUND	GOVERNMENTAL	FUNDS	FUNDS	FUNDS
GENERAL	STREET FUND	LOCAL	MUNICIPAL	FIRE	GOVERNMENTAL	FUNDS	GOVERNMENTAL	TOTAL
REVENUES								
Taxes	\$629,774	\$0	\$254,257	\$170,696	\$27,241		\$1,081,968	
Licenses and permits	0	0	0	0	0		0	
Intergovernmental	358,971	45,315	0	0	0		542,893	
Charge for services	219,484	0	0	0	6,850		226,334	
Interest earned	81,540	0	0	0	1,368		82,908	
Miscellaneous	241,727	0	0	0	9,322		251,049	
TOTAL REVENUES	1,531,496	45,315	254,257	170,696	44,781		2,185,152	
EXPENDITURES								
General government	684,379	0	0	0	86,747		771,126	
Public Safety	734,949	0	0	110,876	0		845,825	
Highways and streets	0	67,350	37,930	0	0		191,644	
Parks and recreation	50,493	0	0	0	0		50,493	
TOTAL EXPENDITURES	1,469,821	67,350	37,930	110,876	86,747		1,859,088	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	61,675	(22,035)	216,327	59,820	(41,966)		326,064	
OPERATING FINANCING SOURCES (USES)								
Transfers in	0	24,295	0	0	32,783		57,078	
Transfers out	(25,783)	0	(24,295)	0	(7,000)		(57,078)	
	(25,783)	24,295	(24,295)	0	25,783		0	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	35,892	2,260	192,032	59,820	(16,183)		326,064	
FUND BALANCES								
Beginning of the year	1,637,513	85,244	317,453	104,196	70,891		2,574,427	
FUND BALANCES								
End of the year	\$1,673,405	\$87,504	\$509,485	\$164,016	\$54,708		\$2,900,491	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

NET CHANGE IN FUND BALANCES TOTAL GOVERNMENTAL FUNDS	\$326,064
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Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	197,048
Depreciation expense	(17,511)

Repayment of the principal of long-term debt consumes the current
financial resources of governmental funds, however has no
effect on net assets.

	49,850
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Some expenses reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in the funds.

Increase in accrued compensated balances	<u>(5,431)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$550,020</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
MARCH 31, 2005

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS			
	WATER FUND	SEWER FUND	BUILDING FUND	TOTAL PROPRIETARY FUNDS
<hr/>				
ASSETS				
<hr/>				
CURRENT ASSETS				
Cash and cash equivalents	\$468,226	\$1,591,206	\$214,535	\$2,273,967
Accounts receivable	97,772	90,566	0	188,338
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TOTAL CURRENT ASSETS	565,998	1,681,772	214,535	2,462,305
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RESTRICTED ASSETS				
Certificates of Deposit	0	153,772	0	153,772
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CAPITAL ASSETS, NET OF DEPRECIATION	1,426,907	1,129,918	0	2,556,825
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TOTAL ASSETS	1,992,905	2,965,462	214,535	5,172,902
<hr/>				
LIABILITIES				
<hr/>				
CURRENT LIABILITIES				
Accounts payable	\$27,907	\$65,262	\$11,502	\$104,671
Accrued expenses	906	1,373	6,940	9,219
Current portion of revenue bond	0	85,200	0	85,200
Due to other funds	0	45,248	0	45,248
Deposits	0	1,819	146,932	148,751
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	28,813	198,902	165,374	393,089
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LONG TERM DEBT				
Revenue bonds	0	178,920	0	178,920
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TOTAL LIABILITIES	28,813	377,822	165,374	572,009
<hr/>				
NET ASSETS				
<hr/>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,426,907	865,798	0	2,292,705
<hr/>				
RESTRICTED	0	153,772	0	153,772
<hr/>				
UNRESTRICTED	537,185	1,568,070	49,161	2,154,416
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TOTAL NET ASSETS	\$1,964,092	\$2,587,640	\$49,161	\$4,600,893

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
- PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2005

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS			
	WATER FUND	SEWER FUND	BUILDING FUND	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES				
User charges	\$307,380	\$387,197	\$0	\$694,577
Water and Sewer tap - ins	184,420	305,875	0	490,295
Permits and licenses	0	0	217,114	217,114
Miscellaneous	55,136	10,000	98	65,234
TOTAL OPERATING REVENUES	546,936	703,072	217,212	1,467,220
OPERATING EXPENSES				
Salaries and wages	92,414	67,330	204,736	364,480
Plant charges	307,127	444,876	0	752,003
Repairs	0	0	0	0
Professional fees	0	0	(36,493)	(36,493)
Depreciation	42,964	53,241	0	96,205
Miscellaneous	935	935	388	2,258
TOTAL OPERATING EXPENSES	443,440	566,382	168,631	1,178,453
OPERATING INCOME (LOSS)	103,496	136,690	48,581	288,767
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	0	1,769	0	1,769
Interest on bonds	0	(20,303)	0	(20,303)
TOTAL NONOPERATING REVENUES (EXPENSES)	0	(18,534)	0	(18,534)
CHANGE IN NET ASSETS	103,496	118,156	48,581	270,233
NET ASSETS - Beginning of the year as restated	1,860,596	2,469,484	580	4,330,660
NET ASSETS - End of the year	\$1,964,092	\$2,587,640	\$49,161	\$4,600,893

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2005

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	BUILDING FUND	
CASH FLOWS - OPERATING ACTIVITIES				
Receipts from customers	\$608,698	\$725,687	\$253,705	\$1,588,090
Receipts from general government	11,375	10,000	0	21,375
Payments to suppliers	(227,766)	(433,495)	43,645	(617,616)
Payments to general government	(59,249)	(39,432)	(10,000)	(108,681)
Payments to employees	(92,414)	(67,330)	(204,736)	(364,480)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	240,644	195,430	82,614	518,688
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(34,848)	(60,805)	0	(95,653)
Principal and interest paid on bonds	0	(96,983)	0	(96,983)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(34,848)	(157,788)	0	(192,636)
CASH FLOWS - INVESTING ACTIVITIES				
Interest on investments	0	1,769	0	1,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	205,796	39,411	82,614	327,821
CASH AND CASH EQUIVALENTS - Beginning of the year	262,430	1,705,568	131,921	2,099,919
CASH AND CASH EQUIVALENTS - End of the year	\$468,226	\$1,744,979	\$214,535	\$2,427,740
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating Income	\$103,496	\$136,690	\$48,581	\$288,767
Adjustments to reconcile operating income to net cash flows from operating activities:				
Noncash items included in net income:				
Depreciation	42,964	53,241	0	96,205
Changes in:				
Accounts receivable	73,137	32,615	0	105,752
Accounts payable	21,131	(27,841)	(9,861)	(16,571)
Accrued expenses	(84)	725	3,967	4,608
Deposits	0	0	39,927	39,927
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$240,644	\$195,430	\$82,614	\$518,688

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Taxes	\$577,284	\$651,035	\$629,774	(\$21,261)
License and permits	45,000	0	0	0
Intergovernmental	375,233	356,740	358,971	2,231
Charge for services	157,050	191,500	219,484	27,984
Interest earned	25,000	78,000	81,540	3,540
Miscellaneous	68,599	243,635	241,727	(1,908)
Previous Fund Balance	62,609	0	0	0
	<u>1,310,775</u>	<u>1,520,910</u>	<u>1,531,496</u>	<u>10,586</u>
EXPENDITURES				
General government	577,925	668,075	684,379	(16,304)
Public Safety	588,790	722,125	734,949	(12,824)
Parks and recreation	114,170	31,825	50,493	(18,668)
	<u>1,280,885</u>	<u>1,422,025</u>	<u>1,469,821</u>	<u>(47,796)</u>
REVENUES OVER (UNDER) EXPENDITURES	29,890	98,885	61,675	(37,210)
OPERATING FINANCING SOURCES (USES)				
Operating Transfers Out				
Building Fund	(29,890)	0	0	0
Cemetery Fund	0	(25,783)	(25,783)	0
	<u>(29,890)</u>	<u>(25,783)</u>	<u>(25,783)</u>	<u>0</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$0</u>	<u>\$73,102</u>	35,892	<u>(\$37,210)</u>
FUND BALANCE				
Beginning of the year			<u>1,637,513</u>	
FUND BALANCE				
End of the year			<u>\$1,673,405</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Intergovernmental -				
Motor Vehicle Highway Fund	\$132,000	\$138,000	\$138,607	\$607
EXPENDITURES				
Wages and clerical	27,103	25,800	21,998	3,802
Payroll taxes and benefits	10,400	13,250	12,122	1,128
Professional fees	525	11,800	1,238	10,562
Supplies	2,200	3,700	2,993	707
Gas and oil	1,000	1,900	1,954	(54)
Road maintenance and traffic service	5,000	9,000	9,905	(905)
Bridge maintenance	357	3,020	22,317	(19,297)
Equipment rental	18,600	13,300	13,837	(537)
Uniforms	0	0	0	0
Insurance and bonds	0	(625)	0	(625)
	65,185	81,145	86,364	(5,219)
REVENUES OVER (UNDER) EXPENDITURES	(65,185)	(81,145)	(86,364)	(5,219)
OTHER FINANCING SOURCES (USES)				
Operating transfers out -				
Local Street fund	0	0	0	0
	0	0	0	0
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(\$65,185)</u>	<u>(\$81,145)</u>	<u>(86,364)</u>	<u>(\$5,219)</u>
FUND BALANCE (DEFICIT)				
Beginning of the year			359,130	
FUND BALANCE (DEFICIT)				
End of the year			<u>\$272,766</u>	

The accompanying notes are in integral part of the financial statements.

VILLAGE OF NEW HAVEN
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Intergovernmental -				
Motor Vehicle Highway Fund	\$41,000	\$45,000	\$45,315	\$315
CDBG	65,000	3,480	0	(3,480)
	106,000	48,480	45,315	(3,165)
EXPENDITURES				
Wages and clerical	24,550	28,600	25,761	2,839
Payroll taxes and benefits	11,286	12,150	9,750	2,400
Professional fees	8,000	0	0	0
Supplies	6,496	4,750	4,781	(31)
Gas and oil	600	1,400	1,443	(43)
Road maintenance and traffic service	161,000	1,500	2,367	(867)
Equipment rental	22,000	25,000	23,248	1,752
Uniforms	0	0	0	0
Insurance and bonds	0	(625)	0	(625)
Miscellaneous	0	0	0	0
	233,932	72,775	67,350	5,425
REVENUES OVER (UNDER) EXPENDITURES	(127,932)	(24,295)	(22,035)	2,260
OTHER FINANCING SOURCES (USES)				
Operating transfers in -				
Municipal Street Fund	135,000	24,295	24,295	0
Major Street Fund	0	0	0	0
	135,000	24,295	24,295	0
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$7,068	\$0	2,260	\$2,260
FUND BALANCE (DEFICIT) Beginning of the year			85,244	
FUND BALANCE (DEFICIT) End of the year			\$87,504	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
MUNICIPAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Taxes	\$231,000	\$262,565	\$254,257	(\$8,308)
EXPENDITURES				
Wages and clerical	5,500	5,500	5,500	0
Street lights	28,000	29,865	32,430	(2,565)
Bad debts	0	0	0	0
Miscellaneous	509	0	0	0
	<u>34,009</u>	<u>35,365</u>	<u>37,930</u>	<u>(2,565)</u>
REVENUES OVER (UNDER) EXPENDITURES	196,991	227,200	216,327	(10,873)
OTHER FINANCING SOURCES (USES)				
Operating transfers out - Local Street Fund	<u>(135,000)</u>	<u>(24,295)</u>	<u>(24,295)</u>	<u>0</u>
	<u>(135,000)</u>	<u>(24,295)</u>	<u>(24,295)</u>	<u>0</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$61,991</u>	<u>\$202,905</u>	192,032	<u>(\$10,873)</u>
FUND BALANCE (DEFICIT) Beginning of the year			<u>317,453</u>	
FUND BALANCE (DEFICIT) End of the year			<u>\$509,485</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
REVENUES				
Taxes -				
Special Assessment	\$142,000	\$170,690	\$170,696	\$6
Intergovernmental -				
Grant	0	2,045	0	(2,045)
	142,000	172,735	170,696	(2,039)
EXPENDITURES				
Salaries and clerical	40,000	59,500	39,930	19,570
Payroll taxes and benefits	4,000	8,500	7,167	1,333
Supplies	6,800	3,250	3,202	48
Training	10,000	1,500	1,434	66
Gas and oil	1,000	1,400	1,356	44
Uniforms	1,000	200	158	42
Professional services	4,000	1,300	1,332	(32)
Telephone	6,200	4,000	4,174	(174)
Insurance	4,055	4,035	4,032	3
Heat, light and power	2,400	2,400	2,483	(83)
Vehicle expense	5,500	4,000	3,452	548
Repair and maintenance	3,300	2,325	2,312	13
Miscellaneous	800	1,825	2,276	(451)
Capital outlay	35,000	36,285	37,568	(1,283)
	124,055	130,520	110,876	19,644
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	<u>\$17,945</u>	<u>\$42,215</u>	59,820	<u>\$17,605</u>
FUND BALANCE (DEFICIT)				
Beginning of the year			<u>104,196</u>	
FUND BALANCE (DEFICIT)				
End of the year			<u>\$164,016</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of New Haven was incorporated in 1896, under the provisions of Act 3, P.A. 1895, as amended. The Village operates under an elected Board of Trustees and a Village President and provides the following services as authorized by its charter: public safety (police, fire and inspections), public works, public utilities, parks and recreation, finance, community development, and environmental protection.

The accounting policies of the Village of New Haven conform to generally accepted accounting principles as applicable to Villages, except as indicated in Note C labeled "Capital Assets". The following is a summary of the more significant accounting policies.

SCOPE OF REPORTING ENTITY - In accordance with the provisions of the Government Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards related to "Defining the Governmental Reporting Entity, " the financial statements of the Village of New Haven contain all the Village funds and authorities that are controlled by or dependent on the Village's executive or legislative branches. Control by or dependence on the Village was determined on the basis of appointment of governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Village, obligations of the Village to finance any deficits that may occur, receipt of significant subsidies from the Village, disposition of surplus funds, and scope of public service.

The New Haven Housing Commission is not part of the Village of New Haven and is excluded from the accompanying financial statements for the reasons stated:

- Village is not responsible for funding any of the Commission's deficits
- Village does not guarantee the Commission's debts
- Village does not approve the operating budget
- Village's subsidy is small in relation to the Commission's overall revenues

The Economic Development Corporation, a component unit of the Village, is excluded from the accompanying financial statements as it had no activity during the fiscal years ended March 31, 2005 and 2004.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Government activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Properties are assessed as of December 31, and the related property taxes become due July 1. These taxes become delinquent September 15, at which time the real estate taxes are added to county tax rolls. Delinquent personal property taxes are accounted for as a receivable.

The 2004 state taxable values of the Village of New Haven amounted to \$66,200,858 on which 9.8795 mills were levied for operating purposes, 4.0090 mills for municipal street and road improvement, and .4296 mills for operating and maintaining the Village cemetery.

The Village reports the following major governmental funds:

GENERAL FUND – This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

SPECIAL REVENUE FUNDS – The Major Street Fund, Local Street Fund, Municipal Street Fund and Fire Fund are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports the following major proprietary funds:

ENTERPRISE FUNDS – The Water Fund, Sewer Fund and Building Fund report operations that provide services which are financed by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

Additionally, the Village reports the following non-major governmental funds:

SPECIAL REVENUE FUNDS – The Cemetery Fund and the Cemetery Perpetual Care Trust Fund are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual balances between the business-type activities and the governmental activities are reported as "internal balances".

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g. labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. As set forth by Government Accounting Standards Board Statement #20, the Village has elected to follow all Financial Accounting Standards Board Statements issued after November 30, 1989.

ASSETS, LIABILITIES, AND NET ASSETS

BANK DEPOSITS AND INVESTMENTS - Cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

RECEIVABLES AND PAYABLES - In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible amounts.

INVENTORIES AND PREPAID ITEMS - No significant inventories or prepaid items existed at March 31, 2005.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Infrastructure assets acquired through governmental activities prior to April 1, 2004, have not been capitalized and are omitted from the Statement of Net Assets.

Assets are depreciated using the straight-line method over the following useful lives:

Buildings	20 – 50 years
Water and Sewer System	20 – 50 years
Road and Sidewalks	20 years
Machinery and Equipment and Vehicles	5 – 10 years
Water and Sewer Plant and Equipment	20 – 50 years

LONG-TERM OBLIGATIONS - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND EQUITY - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNTING CHANGES - GASB Statement No. 34 – Effective April 1, 2004, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34) *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related statements. Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Village's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- The fund financial statements focus on major funds rather than fund types.
- The governmental activities column includes long-term obligations previously reported in the General Long-term Debt Account Group. Beginning net assets having been restated accordingly.

CASH AND CERTIFICATES OF DEPOSIT - Deposits are carried at cost. Deposits of the Village are at one bank and one credit union in the name of the Village Treasurer. Act 217, PA 1982, authorizes the Village to deposit and invest in the accounts of Federally insured banks, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or States Banks; commercial paper rated within the three highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety or bond, for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Village's deposits are in accordance with statutory authority.

The Balance Sheet Caption "Cash" includes imprest cash of \$688.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Village's cash deposits are as follows:

	<u>INSURED</u> <u>(NCUA)(FDIC)</u>	<u>UNINSURED AND</u> <u>UNCOLLATERALIZED</u>	<u>TOTAL</u>
Petty Cash	\$ -	\$ 688	\$ 688
Cash accounts	200,000	1,393,439	1,593,439
Certificates of Deposit	<u>-</u>	<u>3,722,438</u>	<u>3,722,438</u>
	<u>\$200,000</u>	<u>\$5,116,565</u>	<u>\$5,316,565</u>

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGET AND BUDGETARY ACCOUNTING - The budget shown in the financial statements was prepared on the accounting basis used to reflect actual results and consists only of those amounts contained in the formal budget approved or amended by the Village Council. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to March 1, the Village President prepares from data submitted by the administrator and officials of the Village a proposed operating budget for the year commencing the following April 1. The operating budget includes proposed expenditures and resources to finance them.
2. A Public Hearing is conducted to obtain taxpayers' comments.
3. During the fiscal year, the budget is legally enacted through passage of a resolution. During the year ended March 31, 2005, the budget was amended.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - Certificates of deposit are considered cash equivalents for purposes of the statement of cash flows as they are readily converted into cash and generally mature at intervals less than 12 months.

ENCUMBRANCES - Encumbrances are defined as commitments related to unperformed contracts for goods or services. The Village does not record encumbrances in the normal course of operating its accounting system and no encumbrances are recorded in the accompanying financial statements.

NOTE B - TAXES RECEIVABLE - DELINQUENT

The County of Macomb has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year. The County will charge back to the local units of government any real property taxes not collected at the end of five years. Information from a bankruptcy case involving one taxpayer indicates a chargeback up to approximately \$79,000 may occur during the Village's next fiscal year end.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE C – CAPITAL ASSETS

Capital asset activity of the Village's Governmental and Business-Type Activities are summarized as follows:

	Balance April 1, 2004	Additions	Deletions	Balance March 31, 2005
GOVERNMENTAL ACTIVITIES:				
Land	\$ -	\$ 12,997	\$ -	\$ 12,997
Vehicles	-	144,775	-	144,775
Equipment & Furniture	-	39,276	-	39,276
	* \$ -	\$197,048	\$ -	\$197,048
Less Accumulated Depreciation				(17,511)
Net Capital Assets				<u>\$179,537</u>

* Prior to April 1, 2004, the Village did not maintain a record of its Capital Assets.

	Balance April 1, 2004	Additions	Deletions	Balance March 31, 2005
BUSINESS-TYPE ACTIVITIES:				
Land	\$ 33,350	\$ -	\$ -	\$ 33,350
Wells	86,911	-	-	86,911
Buildings	136,782	-	-	136,782
Purification and Disposal Equipment	1,142,462	-	-	1,142,462
Mains and Sewers	2,252,341	213,679	-	2,466,020
Meters	125,305	16,659	-	141,964
Equipment	-	52,475	-	52,475
Construction in Progress	187,161	-	187,161	-
	<u>\$3,964,312</u>	<u>\$282,813</u>	<u>\$187,161</u>	\$4,059,964
Less Accumulated Depreciation				(1,503,139)
Net Capital Assets				<u>\$2,556,825</u>

Depreciation expense was charged to programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:	
General Government	\$ 14,528
Public Safety	<u>2,983</u>
Total Governmental Activities	<u>\$ 17,511</u>
BUSINESS-TYPE ACTIVITIES:	
Water	\$ 42,964
Sewer	<u>53,241</u>
Total Business-Type Activities	<u>\$ 96,205</u>

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE D - ACCOUNTS RECEIVABLE

Business-type activities are due \$188,338 from Village residents and businesses for water and sewer user charges.

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan Public Act 621 of 1978, section 18 (1) as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted to the functional level.

During the year ended March 31, 2005, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>FUND</u>	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
General government	\$668,075	\$684,379	\$(16,304)
Public safety	772,125	734,949	(12,824)
Parks and recreation	31,825	50,493	(18,668)
Special Revenue Funds:			
Major street fund	81,145	86,364	(5,219)
Municipal street fund	35,365	37,930	(2,565)
Cemetery fund	63,705	69,918	(6,213)

NOTE F - OBLIGATION UNDER CAPITAL LEASE

In September, 2000 the Village purchased a street sweeper at a cost of \$111,200. The street sweeper was financed by a capital lease with annual payments of \$16,983 including interest at 6.94%. Payments are due through October, 2007 and the balance due at March 31, 2005 is \$44,615. The obligation is reported net of the amount representing interest based upon the fair market value of the street sweeper, and is reported in the governmental activities long term debt. Payments are made from general fund resources.

In May, 2003 the Village purchased a backhoe loader at a cost of \$55,500. The backhoe loader was financed by a capital lease with monthly payments of \$1,305 including interest at 5.5%. Payments are due through May, 2006 and the balance due at March 31, 2005 was \$16,915. The obligation is reported net of the amount representing interest based upon the fair market value of the backhoe loader, and is reported in the governmental activities long term debt. Payments are made from general fund resources.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE F - OBLIGATION UNDER CAPITAL LEASE (continued)

In September, 2003 the Village purchased a fire truck at a cost of \$212,012. The fire truck was financed by a capital lease with annual payments of \$31,285 including interest at 5.5%. Payments are due through October, 2010 and the balance due at March 31, 2005 was \$159,547. The obligation is reported net of the amount representing interest based upon the fair market value of the fire truck, and is reported in the governmental activities long term debt. Payments are made from fire fund resources.

Future minimum lease payments under the capital obligations and the present value of the net minimum lease payments as of March 31, 2005 are as follows:

<u>Year Ended</u> <u>March 31,</u>	<u>Amount</u>
2006	\$63,935
2007	50,879
2008	48,268
2009	31,285
2010	31,285
2011	<u>31,285</u>
Net minimum lease payments	256,937
Less amount representing interest	<u>(35,860)</u>
Present value of net minimum lease payments.	<u>\$221,077</u>

NOTE G - LONG TERM DEBT

The Village of New Haven has a bond issue serviced from its Sewer Fund:

On May 1, 1989, the Village issued \$945,720 in waste water disposal limited tax general obligation bonds to cover part of the cost of the construction of a new waste water disposal system. The bonds, which are recorded in the Sewer Fund, are payable first from net revenues derived from the operations of the system.

The principal balance on the bonds is due in varying annual installments starting at \$17,040 on October 1, 1990 and increasing by \$8,520 every two years thereafter until the principal is redeemed in full by October 1, 2007. The interest rate ranges from 7.50 to 5.00 percent, May, 1989 through October, 2007, payable semi-annually on April 1, and October 1.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE G - LONG TERM DEBT (continued)

The balance of this bond issue at March 31, 2005 is as follows:

Balance - March 31, 2004	\$340,800
Redemption	<u>76,680</u>
Balance - March 31, 2005	<u>\$264,120</u>

The following are the annual requirements to pay bonds at March 31, 2005:

<u>YEAR ENDING</u> <u>MARCH 31,</u>	<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUNDS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 85,200	\$14,271	\$ 99,471
2007	85,200	7,881	93,081
2008	93,720	2,343	96,063
2009	-	-	-
	<u>\$264,120</u>	<u>\$24,495</u>	<u>\$288,615</u>

Other long-term debt includes compensated absences, which consists of accumulated vacation, sick, and other compensation totaling \$21,074.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES:					
Capital Lease Obligations					
Street Sweeper	\$ 57,601	\$ -	\$ 12,986	\$ 44,615	\$13,887
Backhoe	31,322	-	14,407	16,915	14,500
Fire Truck	182,004	-	22,457	159,547	23,546
Compensated Absences	<u>15,643</u>	<u>5,431</u>	<u>-</u>	<u>21,074</u>	<u>-</u>
Total Governmental Activities	<u>\$286,570</u>	<u>\$5,431</u>	<u>\$ 49,850</u>	<u>\$242,151</u>	<u>\$51,933</u>
BUSINESS TYPE ACTIVITIES:					
Limited Tax General					
Obligation Bond - Sewer	<u>\$340,800</u>	<u>\$ -</u>	<u>\$ 76,680</u>	<u>\$264,120</u>	<u>\$85,200</u>

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE H - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances described as Due From and Due To Other funds on the balance sheets reflect amounts due or owed to a particular fund by another fund of the Village. A summary of these balances at March 31, 2005 is as follows:

	<u>2005</u>	
	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND		
Enterprise Funds:		
Sewer Fund	\$ 45,248	\$ -
ENTERPRISE FUNDS		
Sewer Fund:		
General Fund	<u>-</u>	<u>45,248</u>
	<u>\$ 45,248</u>	<u>\$ 45,248</u>

NOTE I - PENSION PLAN

The Village has a defined contribution plan covering all full time personnel which requires contributions by the Village. The plan is referred to as "The Village of New Haven Retirement Program" and plan assets are maintained by Mass Mutual Life Insurance Company. The Village of New Haven is Plan Administrator. The plan was developed under authority of Internal Revenue Code Section 401 and any amendments must comply with current laws and regulations as administered by Internal Revenue Service.

Total compensation of covered employees, and total compensation of all employees for the year ended March 31, 2005 amounted to \$533,914 and \$953,100, respectively. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individuals account are to be determined instead of specifying the amount of benefits the individual is to receive. Such benefits depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits prior to vesting. Contributions to the plan are made by the Village based upon 5% of the participant's gross wages. Participants may contribute to the plan, at their option, with after tax dollars.

During the year ended March 31, 2005 the Village contributed \$28,989 to the plan. The Village contributions are net of forfeitures.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE J - ACCUMULATED EMPLOYEE VACATION, SICK, AND OTHER COMPENSATION

The Village of New Haven employees are granted vacation time in varying amounts based on length of service. Policies for accumulated vacation pay, which is paid at current rates, are summarized below:

Department of Public Works

Vacation days accumulated and not used shall be paid to the employee each year on March 31.

Police Department

Vacation days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

General

Vacation days accumulated and not used shall be paid to the employee at termination of employment.

The Village's approximate liability for accumulated vacation pay at March 31, 2005 and 2004 amounted to \$5,645 and \$3,584, respectively.

The Village of New Haven employees are also granted twelve days per year sick leave. Policies for accumulated sick pay, which is paid at current rates, are summarized below:

Department of Public Works

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

Police Department

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days. Sick days accumulated in excess of thirty days shall be paid to the employee each year on July 1.

General

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

The Village's approximate liability for accumulated sick pay at March 31, 2005 and 2004 amounted to \$11,448 and \$6,901, respectively.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE J - ACCUMULATED EMPLOYEE VACATION, SICK, AND OTHER COMPENSATION
(continued)

Those Village of New Haven police department employees under union contract are granted "comp time" as follows:

Employees have the option of being paid overtime currently or accumulating the unpaid overtime as "comp time" available for additional time off. Comp time accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of 100 hours.

The Village's approximate liability for accumulated comp time at March 31, 2005 and 2004 amounted to \$3,981 and \$5,158, respectively.

The liability for the accumulated vacation, sick pay, and other compensation is reported as long term debt.

NOTE K - LEASE ARRANGEMENTS

The Village leases property to an unrelated party. The lease calls for monthly rents of \$300. The lease is on a month-to-month basis and accounted for in the general fund.

NOTE L - COMMITMENTS

As part of the 1987 agreement to connect with the City of Detroit Sewer System, the Village is committed to clean and properly abandon its old waste water treatment plant. Based on preliminary estimates, the Village expects to complete the project at a cost of \$57,000.

The Village is currently monitoring groundwater quality near its police station pursuant to the removal of underground storage tanks. The monitoring is designed to provide information necessary to issue a favorable closure report. If issuance of the closure report is not possible, remedial costs could be significant.

The Village has committed to participation in a sewer expansion project with various other surrounding communities. The estimated cost to the Village is \$4,500,000. Financing arrangements have not been finalized, but issuance of bonds is expected.

On February 11, 2005, the Village entered into a Lease Agreement for a new operating facility yet to be constructed. The Lease, which commences upon substantial completion of the facility, as defined in the Agreement, calls for an annual base rent of \$198,000 for 25 years. The Lease Agreement contains a purchase option provision at \$3,500,000.

The Village leases its Police Department facility on a month to month basis. The lease calls for a monthly base rent of \$3,708. Rent expense for the year ended March 31, 2005 amounted to \$49,877.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE M - FUND DEFICIT

A deficit of \$4,522 exists in the Cemetery Fund as of March 31, 2005.

NOTE N - FIRE FUND

The Village has established a special assessment district to finance its fire department. The district includes all real property within the Village. The Village Board of Trustees is authorized to levy a special assessment upon these property owners of up to 3 mills annually. The special assessment must be used for fire department purposes only. Michigan law requires establishment of a separate special revenue fund to account for this activity.

NOTE O - RESTRICTED ASSETS

Restricted assets consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Village Ordinance requires money be designated for major repairs or replacements within the sewer system	\$ -	\$ 153,772
Certain amounts within the Perpetual Care Fund are designated for maintenance of the Village Cemetery	<u>42,638</u>	<u>-</u>
	<u>\$ 42,638</u>	<u>\$ 153,772</u>

Village policy is to apply unrestricted resources to appropriations prior to restricted resources.

NOTE P - RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for employee medical claims, and participates in the Michigan Municipal League Liability and Property Pool program for claims relating to property loss, torts, errors and omissions, workers' compensation and personal injuries. Settled claims relating to these risks have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League Liability and Property Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

SUPPLEMENTAL INFORMATION

VILLAGE OF NEW HAVEN
GENERAL FUND
BALANCE SHEET
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
CASH AND CASH EQUIVALENTS	\$1,708,221	\$1,658,124
RECEIVABLES:		
Taxes	33,551	160,925
Accounts	<u>4,078</u>	<u>1,632</u>
	37,629	162,557
Less: Allowance for doubtful accounts	<u>0</u>	<u>(114,426)</u>
	37,629	48,131
DUE FROM OTHER FUNDS	<u>45,248</u>	<u>45,248</u>
	<u><u>\$1,791,098</u></u>	<u><u>\$1,751,503</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES		
Accounts payable	\$87,623	\$93,515
Accrued expenses	<u>30,070</u>	<u>20,475</u>
	117,693	113,990
DUE TO OTHER FUNDS	0	0
FUND BALANCE		
Unreserved - undesignated	<u>1,673,405</u>	<u>1,637,513</u>
	<u><u>\$1,791,098</u></u>	<u><u>\$1,751,503</u></u>

VILLAGE OF NEW HAVEN
GENERAL FUND
DETAILED STATEMENT OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
TAXES				
Property	\$575,000	\$647,035	\$626,562	(\$20,473)
Trailer park	2,284	4,000	3,212	(788)
	<u>577,284</u>	<u>651,035</u>	<u>629,774</u>	<u>(21,261)</u>
LICENSE AND PERMITS	0	0	0	0
INTERGOVERNMENTAL				
Sales Tax	372,000	354,000	354,730	730
Liquor Tax	1,683	1,740	1,741	1
CDBG	1,550	1,000	2,500	1,500
	<u>375,233</u>	<u>356,740</u>	<u>358,971</u>	<u>2,231</u>
CHARGES FOR SERVICES				
Equipment rental	87,050	121,500	149,484	27,984
Clerical and office rent	70,000	70,000	70,000	0
	<u>157,050</u>	<u>191,500</u>	<u>219,484</u>	<u>27,984</u>
INTEREST EARNED	25,000	78,000	81,540	3,540
MISCELLANEOUS				
Fines and forfeits	15,000	26,275	26,275	0
Miscellaneous	33,007	191,785	175,854	(15,931)
Cops Grant	20,592	23,475	0	(23,475)
Police Fund	0	0	12,560	12,560
Police wage reimbursement	0	0	24,450	24,450
Metro Housing Grant	0	2,100	2,588	488
Smart Fund	0	0	0	0
Previous Fund Balance	62,609	0	0	0
	<u>131,208</u>	<u>243,635</u>	<u>241,727</u>	<u>(1,908)</u>
	<u>\$1,265,775</u>	<u>\$1,520,910</u>	<u>\$1,531,496</u>	<u>\$10,586</u>

VILLAGE OF NEW HAVEN
GENERAL FUND
DETAILED STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
GENERAL GOVERNMENT				
Salaries - General	\$69,810	\$91,100	\$89,835	\$1,265
Council	9,250	13,500	8,180	5,320
Assessor	0	0	0	0
Clerk	7,000	8,600	7,111	1,489
Treasurer	1,200	1,600	1,200	400
Presidents Pay	8,250	9,000	9,000	0
Planning and housing	2,140	3,675	2,435	1,240
Payroll taxes and benefits	45,000	45,000	44,685	315
Election	4,894	105	100	5
Supplies	17,420	21,040	22,852	(1,812)
Professional services	119,000	110,000	135,049	(25,049)
Bad debts	0	0	0	0
Inspectors	29,630	0	0	0
Telephone	6,500	11,000	11,375	(375)
Printing and publishing	5,721	4,500	6,349	(1,849)
Hydrant charge	11,375	11,375	11,872	(497)
Sewer charge	10,000	10,000	10,000	0
Insurance	80,000	78,760	76,261	2,499
Heat, light and power	3,500	3,500	2,928	572
Building repair and maintenance	13,000	17,500	17,320	180
Equipment repair and maintenance	54,235	28,000	28,697	(697)
Miscellaneous	9,000	6,520	10,813	(4,293)
Membership and dues	4,000	7,300	7,442	(142)
Capital outlay	61,000	185,000	178,375	6,625
CDBG -Beatrice Perry Fund	1,000	1,000	1,000	0
CDBG - Senior Chores	3,000	0	1,500	(1,500)
CDBG - Grace House	2,000	0	0	0
General Government - balance forwarded	\$577,925	\$668,075	\$684,379	(\$16,304)

VILLAGE OF NEW HAVEN
GENERAL FUND
DETAILED STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
PUBLIC SAFETY				
Police:				
Salaries	\$345,976	\$412,000	\$404,146	\$7,854
Payroll taxes and benefits	87,644	123,500	110,763	12,737
Supplies	12,377	9,900	9,913	(13)
Training costs	1,200	6,000	6,376	(376)
Gasoline and oil	13,000	9,000	10,609	(1,609)
Uniforms	5,100	8,000	8,820	(820)
Professional services	20,000	15,500	18,920	(3,420)
Telephone	11,093	11,000	11,997	(997)
Vehicle	14,000	11,200	10,914	286
Insurance	16,570	17,225	17,172	53
Heat, light and power	4,000	10,200	11,205	(1,005)
Rent	0	40,500	49,877	(9,377)
Repair and maintenance	3,580	8,100	8,420	(320)
Capital outlay	53,500	40,000	55,672	(15,672)
Miscellaneous	750	0	145	(145)
	<u>588,790</u>	<u>722,125</u>	<u>734,949</u>	<u>(12,824)</u>
PARKS, RECREATION AND SMART				
Salaries and wages	6,836	16,300	16,190	110
Payroll taxes and benefits	3,806	2,500	1,444	1,056
Supplies	1,845	2,100	2,013	87
Gasoline and oil	106	0	0	0
Insurance	175	1,000	1,000	0
Professional services	1,060	345	460	(115)
Vehicle expense	342	65	65	0
Equipment rental	0	0	20,515	(20,515)
Recreation program	0	5,315	6,479	(1,164)
Utilities	0	4,200	577	3,623
Miscellaneous	100,000	0	1,750	(1,750)
Parks, Recreation & SMART	<u>114,170</u>	<u>31,825</u>	<u>50,493</u>	<u>(18,668)</u>
TOTAL EXPENDITURES	<u>\$1,280,885</u>	<u>\$1,422,025</u>	<u>\$1,469,821</u>	<u>(\$47,796)</u>

VILLAGE OF NEW HAVEN
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
MARCH 31, 2005

	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	FIRE FUND	CEMETERY	DRUG LAW ENFORCEMENT	2005 TOTAL
CASH AND CASH EQUIVALENTS	\$413,369	\$26,394	\$512,052	\$166,936	\$3,443	\$12,908	\$1,135,102
ACCOUNTS RECEIVABLE	0	61,518	0	0	0	819	62,337
DUE FROM OTHER FUNDS	0	0	0	0	0	0	0
	<u>\$413,369</u>	<u>\$87,912</u>	<u>\$512,052</u>	<u>\$166,936</u>	<u>\$3,443</u>	<u>\$13,727</u>	<u>\$1,197,439</u>

ASSETS

CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE
DUE FROM OTHER FUNDS

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable
Accrued Expenses
Due to other funds

\$1,996	\$342	\$2,567	\$2,920	\$7,875	\$0	\$15,700
0	66	0	0	90	0	156
0	0	0	0	0	0	0

FUND BALANCE

Unreserved - undesignated

1,996	408	2,567	2,920	7,965	0	15,856
411,373	87,504	509,485	164,016	(4,522)	13,727	1,181,583
<u>\$413,369</u>	<u>\$87,912</u>	<u>\$512,052</u>	<u>\$166,936</u>	<u>\$3,443</u>	<u>\$13,727</u>	<u>\$1,197,439</u>

VILLAGE OF NEW HAVEN
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2005

	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	FIRE FUND	CEMETERY	DRUG LAW ENFORCEMENT	2005 TOTAL
REVENUES							
Taxes	\$0	\$0	\$254,257	\$170,696	\$27,241	\$0	\$452,194
Intergovernmental	138,607	45,315	0	0	0	0	183,922
Charges for services	0	0	0	0	6,850	0	6,850
Interest earned	0	0	0	0	294	0	294
Miscellaneous	0	0	0	0	4,416	4,906	9,322
	138,607	45,315	254,257	170,696	38,801	4,906	652,582
EXPENDITURES							
General government	0	0	0	0	69,918	16,829	86,747
Public Safety	0	0	0	110,876	0	0	110,876
Highway and streets	86,364	67,350	37,930	0	0	0	191,644
	86,364	67,350	37,930	110,876	69,918	16,829	389,267
REVENUES OVER (UNDER) EXPENDITURES	52,243	(22,035)	216,327	59,820	(31,117)	(11,923)	263,315
OTHER FINANCING SOURCES (USES)							
Operating transfers in	0	24,295	0	0	32,783	0	57,078
Operating transfers out	0	0	(24,295)	0	0	0	(24,295)
	0	24,295	(24,295)	0	32,783	0	32,783
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	52,243	2,260	192,032	59,820	1,666	(11,923)	296,098
FUND BALANCES (DEFICIT)							
Beginning of the year	359,130	85,244	317,453	104,196	(6,188)	25,650	885,485
FUND BALANCES (DEFICIT) End of the year	\$411,373	\$87,504	\$509,485	\$164,016	(\$4,522)	\$13,727	\$1,181,583

VILLAGE OF NEW HAVEN
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Property taxes	\$25,700	\$28,130	\$27,241	(\$889)
Charges for services	8,600	5,450	6,850	1,400
Interest earned	0	100	294	194
Miscellaneous:				
Sale of lots	5,024	2,800	3,600	800
Foundations	696	630	816	186
Previous Fund Balance	0	0	0	0
	40,020	37,110	38,801	1,691
EXPENDITURES				
Wages and clerical	17,500	25,500	24,693	807
Payroll taxes and benefits	7,000	11,500	9,498	2,002
Supplies	2,600	900	7,869	(6,969)
Gas and oil	700	1,300	1,443	(143)
Uniforms	0	0	0	0
Professional services	1,375	0	1,040	(1,040)
Insurance	207	(605)	16	(621)
Repair and maintenance	100	0	0	0
Equipment rental	20,000	25,000	25,203	(203)
Miscellaneous	1,000	110	156	(46)
Bad debts	0	0	0	0
	50,482	63,705	69,918	(6,213)
REVENUES OVER (UNDER) EXPENDITURES	(10,462)	(26,595)	(31,117)	(4,522)
OTHER FINANCING SOURCES (USES)				
Operating transfers in -				
Perpetual Care Fund	10,462	7,000	7,000	0
General Fund	0	25,783	25,783	0
	10,462	32,783	32,783	0
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$0	\$6,188	1,666	(\$4,522)
FUND BALANCE (DEFICIT) Beginning of the year			(6,188)	
FUND BALANCE (DEFICIT) End of the year			(\$4,522)	

VILLAGE OF NEW HAVEN
 DRUG LAW ENFORCEMENT FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Seizures & forfeitures	\$2,000	\$6,295	\$4,906	(\$1,389)
Previous Fund Balance	0	13,520	0	(13,520)
	2,000	19,815	4,906	(14,909)
EXPENDITURES				
Capital outlay	0	16,150	15,811	339
Miscellaneous	0	3,665	1,018	2,647
	0	19,815	16,829	2,986
REVENUES OVER (UNDER) EXPENDITURES	<u>\$2,000</u>	<u>\$0</u>	(11,923)	<u>(\$11,923)</u>
FUND BALANCE				
Beginning of the year			<u>25,650</u>	
FUND BALANCE				
End of the year			<u>\$13,727</u>	

VILLAGE OF NEW HAVEN
CEMETERY PERPETUAL CARE TRUST FUND
BALANCE SHEET
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
CASH	\$1,120	\$8,120
CERTIFICATES OF DEPOSIT	<u>44,383</u>	<u>43,309</u>
	<u>\$45,503</u>	<u>\$51,429</u>

LIABILITIES AND FUND BALANCE

FUND BALANCE		
Reserved	\$42,638	\$48,564
Unreserved - undesignated	<u>2,865</u>	<u>2,865</u>
	<u>\$45,503</u>	<u>\$51,429</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED MARCH 31, 2005 AND 2004

REVENUES		
Miscellaneous - interest	<u>\$1,074</u>	<u>\$1,012</u>
	1,074	1,012
EXPENDITURES		
Miscellaneous	<u>0</u>	<u>-63</u>
	0	-63
REVENUE OVER (UNDER) EXPENDITURES	1,074	949
OTHER FINANCING SOURCES (USES)		
OPERATING TRANSFER OUT		
Cemetery Fund	<u>-7,000</u>	<u>-10,462</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-5,926	-9,513
FUND BALANCE		
Beginning of the year	<u>51,429</u>	<u>60,942</u>
FUND BALANCE		
End of the year	<u>\$45,503</u>	<u>\$51,429</u>

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - WATER
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
OPERATING REVENUES				
User charges	\$433,942	\$309,000	\$307,380	(\$1,620)
Hydrant rental	11,375	11,375	13,075	1,700
Water tap - ins	84,000	194,795	184,420	(10,375)
Miscellaneous	0	30,755	42,061	11,306
	529,317	545,925	546,936	1,011
OPERATING EXPENSES				
Salaries and wages	80,312	99,000	92,414	6,586
Plant charges	396,855	296,705	307,127	(10,422)
Depreciation	24,000	40,000	42,964	(2,964)
Capital outlay	400	1,000	935	65
	501,567	436,705	443,440	(6,735)
OPERATING INCOME	27,750	109,220	103,496	(5,724)
NONOPERATING REVENUES (EXPENSES)				
Interest on bonds	(3,000)	(870)	0	870
	(3,000)	(870)	0	870
NET INCOME (LOSS)	<u>\$24,750</u>	<u>\$108,350</u>	103,496	<u>(\$4,854)</u>
RETAINED EARNINGS (DEFICIT)				
Beginning of the year			<u>1,595,983</u>	
RETAINED EARNINGS (DEFICIT)				
End of the year			<u>\$1,699,479</u>	

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - SEWER
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
OPERATING REVENUES				
User charges	\$394,000	\$377,725	\$387,197	\$9,472
Sewer rental	10,000	10,000	10,000	0
Sewer tap - ins	105,000	222,300	305,875	83,575
	509,000	610,025	703,072	93,047
OPERATING EXPENSES				
Salaries and wages	69,000	73,000	67,330	5,670
Plant charges	351,910	406,322	444,876	(38,554)
Sewer repair	0	0	0	0
Depreciation	30,000	50,000	53,241	(3,241)
Capital outlay	1,500	1,000	935	65
	452,410	530,322	566,382	(36,060)
OPERATING INCOME	56,590	79,703	136,690	56,987
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	0	1,500	1,769	269
Interest on bonds	(26,000)	(20,310)	(20,303)	7
	(26,000)	(18,810)	(18,534)	276
NET INCOME (LOSS)	<u>\$30,590</u>	<u>\$60,893</u>	118,156	<u>\$57,263</u>
RETAINED EARNINGS (DEFICIT)				
Beginning of the year			<u>2,344,484</u>	
RETAINED EARNINGS (DEFICIT)				
End of the year			<u>\$2,462,640</u>	

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - BUILDING
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
OPERATING REVENUES				
Permits & licenses	\$81,000	\$195,000	\$217,114	\$22,114
Miscellaneous	0	0	98	98
	81,000	195,000	217,212	22,212
OPERATING EXPENSES				
Salaries and wages	101,720	179,400	204,736	(25,336)
Professional fees	8,320	(40,500)	(36,493)	(4,007)
Miscellaneous	850	400	388	12
	110,890	139,300	168,631	(29,331)
OPERATING INCOME (LOSS)	(29,890)	55,700	48,581	(7,119)
NONOPERATING REVENUES (EXPENSES)				
Operating transfers in - General Fund	29,890	0	0	0
	29,890	0	0	0
NET INCOME (LOSS)	<u>\$0</u>	<u>\$55,700</u>	48,581	<u>(\$7,119)</u>
RETAINED EARNINGS (DEFICIT)				
Beginning of the year			580	
RETAINED EARNINGS (DEFICIT)				
End of the year			<u>\$49,161</u>	

VILLAGE OF NEW HAVEN
CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEARS ENDED MARCH 31, 2005 AND 2004

ASSETS

	<u>BALANCE</u> <u>April 1, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>March 31, 2005</u>
CASH	\$0	\$1,081,739	\$1,081,739	\$0
	\$0	\$1,081,739	\$1,081,739	\$0

LIABILITIES

ACCOUNTS PAYABLE:				
DUE TO GENERAL FUND	\$0	\$626,562	\$626,562	\$0
DUE TO MUNICIPAL STREET FUND	0	254,257	254,257	0
DUE TO FIRE FUND	0	170,696	170,696	0
DUE TO CEMETERY FUND	0	27,242	27,242	0
DUE TO WATER AND SEWER FUNDS	0	2,982	2,982	0
	\$0	\$1,081,739	\$1,081,739	\$0

ASSETS

	<u>BALANCE</u> <u>April 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>March 31, 2004</u>
CASH	\$0	\$991,783	\$991,783	\$0
	\$0	\$991,783	\$991,783	\$0

LIABILITIES

ACCOUNTS PAYABLE:				
DUE TO GENERAL FUND	\$0	\$584,447	\$584,447	\$0
DUE TO MUNICIPAL STREET FUND	0	236,831	236,831	0
DUE TO FIRE FUND	0	142,768	142,768	0
DUE TO CEMETERY FUND	0	25,375	25,375	0
DUE TO WATER AND SEWER FUNDS	0	2,362	2,362	0
	\$0	\$991,783	\$991,783	\$0

JOHN W. RHINESMITH, C.P.A., P.C.

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December 28, 2005

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APR 12 2006

Board of Trustees
Village of New Haven
P.O. Box 480429
58725 Havenridge Avenue
New Haven, Michigan 48045

LOCAL AUDIT & FINANCE DIV.

In planning and performing our audit of the financial statements of Village of New Haven for the year ended March 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Village of New Haven's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

1. Pursuant to ordinance No. 280, as amended, Board of Trustee approval is required for Village purchases in excess of \$1,500.00. The following discrepancies were noted in that regard:

We noted no Board approval for the following:

- Payments to Staples totaling \$1,587.46 for a digital camera and other supplies for the Police Department purchased by the General Fund on July 2, 2004.
- Payment to Network Connections totaling \$3,888.00 for a telephone system for the Police Department purchased by the General Fund on July 16, 2004.

- Payment to Mini's Collision totaling \$2,605.97 for repairs to a pick-up truck by the General Fund on April 13, 2004.
- Payments to Blind Specialist totaling \$2,319.00 for blinds for the Police Department purchased by the General Fund on June 25, 2004.
- Payments to ATD American totaling \$4,557.45 for furniture for the Police Department purchased by the General Fund on July 23, 2004. Purchase orders related to this expenditure were approved as follows:
 - P.O. 831, 6/18/04, \$543.90;
 - P.O. 832, 6/19/04, \$711.60;
 - P.O. 836, 6/22/04, \$1,163.60;
 - P.O. 837, 6/22/04, \$1,042.60.

According to Village purchasing policy and procedure these purchase orders together represent a single expenditure.

- Payments to Kerr Albert totaling \$4,326.00 for furniture for the Police Department purchased by the General Fund on July 2, 2004. Purchase orders related to this expenditure were approved as follows:
 - P.O. 822, 6/16/04, \$897;
 - P.O. 827, 6/17/04, \$1,069;
 - P.O. 828, 6/17/04, \$1,324;
 - P.O. 829, 6/17/04, \$1,036.

According to Village purchasing policy and procedure these purchase orders together represent a single expenditure.

- Payments to Pat Summral totaling \$7,000.00 for CNN Production purchased by the General Fund on June 25, 2004.

We noted the following purchase exceeded the amounts approved:

- Payments to various vendors totaling \$4,965.00 for the MML Convention on or about September 29, 2004 exceeded Board approval by \$285.00.

2. Regarding Water and Sewer Activity:

- We noted sewer charges billed by Macomb County increased from the prior year \$28,538 or 11%. Sewer revenue, however, did not increase. The sewer commodity rate charged by Macomb County only increased 4%. We recommend this situation be analyzed.
- We noted water and sewer revenues for the quarters August, 2004, November, 2004 and February, 2005 were not posted to general ledger. Obviously, a reconciliation of utility billing reports to general ledger had not been performed adequately. This omission resulted in incomplete financial records. The omission was corrected with audit adjusting entries. This is a serious matter that needs to be rectified and closely monitored.

- We noted water and sewer penalties for the quarters May, 2004, August, 2004 and November, 2004 were not posted to general ledger. Obviously, a reconciliation of utility billing reports to general ledger had not been performed adequately. This omission resulted in incomplete financial records. The omission was corrected with audit adjusting entries. This is a serious matter that needs to be rectified and closely monitored.
 - We noted the water and sewer outstanding balances report as of March 31, 2005 did not agree to general ledger as adjusted by our auditors. We also noted many credit balances within the report. Maintenance of general ledger and subsidiary schedules is fundamental to sound internal control over assets. We recommend the outstanding balances report be reconciled to general ledger routinely.
3. Activity within the Drug Law Enforcement Fund was not posted to general ledger for the entire fiscal year ended March 31, 2005. As the general ledger represents the Village's primary control over accounting and operating activity, we recommend the Village Office Manager be instructed to post this activity at least monthly. Our auditors accounted for this activity for the year ended March 31, 2005 via audit adjustments.
 4. Activity within the Police OUIL Enforcement Bank Account was not posted to general ledger for the entire fiscal year ended March 31, 2005. As the general ledger represents the Village's primary control over accounting and operating activity, we recommend the Village Office Manager be instructed to post this activity at least monthly. Our auditors accounted for this activity for the year ended March 31, 2005 via audit adjustments.
 5. We noted the Village does not routinely store computer backups off site. To help ensure uninterrupted use of the computers and timely financial reporting throughout a catastrophic event, we recommend the Village routinely store computer backups off site.
 6. Upon scanning the Village insurance policy, we noted the following:
 - It appears certain vehicles no longer owned by the Village should be removed from the policy.
 - The policy may need to be amended to comply with requirements applicable to the lease of the Police Department building.

7. The schedule of outstanding building bonds does not agree with general ledger. Although it appears the design of the schedule is sufficient to provide the information necessary to reconcile to general ledger, that step has not been taken. We recommend the schedule be reconciled to general ledger on a monthly basis.
8. As noted during our audit last year, building bonds relating to Permit No. 1924 (26 Mile Gratiot LLC \$15,333) and Permit No. 1958 (26 Mile Gratiot LLC \$10,668.35) need to be investigated. Village Building Department personnel indicate that these bonds have either been forfeited or consumed by outstanding professional fees. Yet the bonds remain on the books as liabilities. We recommend immediate attention be given to this situation. If in fact these bonds will not be returned, we recommend the Board take action to authorize the above stated amounts be recognized as revenue and the appropriate journal entries be made.
9. Minutes from the Board of Trustees meeting on March 11, 2003 indicate the hiring of Mr. Robert Crayton should be accompanied by an Employment Agreement. As of completion of our fieldwork, an executed Employment Agreement was not available. We recommend immediate attention be given to this matter.
10. We noted the following miscellaneous matters:
 - A court ordered withholding requirement imposed on a DPW employee has terminated, yet the Village continued to withhold certain amounts from this individual's payroll and remit payment on his behalf. As a result, the Village appears to have assumed an obligation unnecessarily. We recommend this arrangement be investigated.
 - On July 13, 2004, Council approved payment of \$2,900.00 to Oakland Community College for Police Academy (Bailey) "subject to a reimbursement agreement". We noted no such reimbursement.
 - Police Union dues withheld were not properly remitted to the Union during the year ending March 31, 2005. We recommend this situation be investigated immediately.
 - The FundBalance program was previously setup to allow journal entries to be appended to closed months and years. Appending is a computer process during which financial activity (cash receipts, cash disbursements, payroll, etc.) is posted to the general ledger. This has since been changed to not allow entries to be appended to closed months and years. However, it appears an authorized user may change FundBalance back to allow

entries to be appended to closed months. We recommend this practice be strictly prohibited.

- According to FundBalance, the program was setup with a Utility Billing Path which enabled the program to append all Utility Billing journal entries (cash receipts, billing and adjustments) in error to closed months and to closed years for up to 24 months. Journal entries are entered manually from Utility Billing Wrap Up journal entries for billing and adjustments and cash receipts (payments) are entered daily through manual journal entries. During the year ended March 31, 2005, Utility Billing entries were double posted to General Ledger which affected cash, receivables and revenue accounts. This error affected beginning year balances. Reversing entries were required to adjust all affected accounts. According to FundBalance, the Utility Billing Path has been removed so that this error will not occur again. We recommend this situation be monitored.
- Several entries from the payroll module did not agree with the actual entries that were appended to General Ledger. The actual entries involved accounts not indicated on the payroll wrap up entry. Therefore, the hard copies of these payroll entries were unreliable. Journal entries must reflect what is actually appended to General Ledger. We recommend hard copy of the entries be compared to General Ledger routinely.
- We noted instances of inadequate communication between office personnel involved with different accounting functions. One instance involved payroll and general ledger. A back-up had been restored for payroll purposes into a month that had already been closed for general ledger purposes. This caused a double counting of certain payroll activity. Good communication between office personnel will help to alleviate accounting errors.
- Bank reconciliations for the months October, 2004 through March, 2005 were not performed timely. Many accounting errors occurred during these periods that were not discovered by office personnel. Bank reconciliations should be performed routinely to help ensure accurate accounting information and safeguard assets. We recommend the bank reconciliations be performed monthly.
- Payroll deductions were not setup properly and therefore affected cash accounts and liability accounts. Improper setup of payroll deductions caused errors in appending payroll information to General Ledger. This item has been discussed with office personnel and apparently rectified.

- We noted several journal entries that were not printed and filed. To help ensure an adequate audit trail, we recommend all journal entries be printed and filed in the journal entry book.

11. On October 22, 2003, New Haven entered a water and sewer billing agreement with Meadowcreek and Riverbrook referred to as the Water and Sewer Meter Agreement. One of the reasons New Haven entered this agreement was to eliminate the need for manually computed master meter adjustments required by the previous agreement. The Water and Sewer Meter Agreement calls for master meter billing. There is no discussion of adjustments to the master meter read.

Apparently, New Haven has begun to credit Meadowcreek for sewer charges applicable to a sprinkler meter at its club house. The credit is computed manually – defeating a major reason the Village entered into the Water and Sewer Meter Agreement. Additionally, we believe issuance of the credit violates the Agreement. The Agreement appears to have been negotiated in good faith. We question why New Haven should be responsible for Meadowcreek's oversight. It seems that Meadowcreek should install a proper bypass if it wishes to avoid sewer charges on this sprinkler meter. We recommend this matter be investigated immediately.

12. As of completion of our fieldwork, the following community development block grant allocated in 2003 has not yet been received:

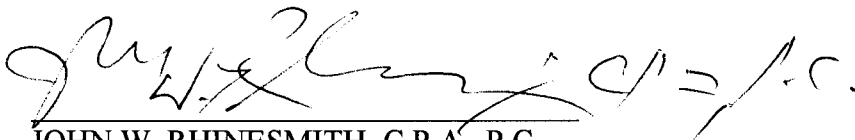
<u>Year</u>	<u>Description</u>	<u>Amount</u>
2003	Main Street Water Line	\$36,000

13. According to information provided to our auditors, Village of New Haven is seriously delinquent its obligation to clean and properly abandon its waste water treatment plant. We suggest remedial action be taken immediately.

Board of Trustees
Village of New Haven
December 28, 2005

This report is intended solely for the information and use of Village of New Haven, management and Board of Trustees of Village of New Haven. This restriction is not intended to limit distribution of this report, which is matter of public record.

If you have any questions or comments regarding the above, or would like to discuss other items of concern, please do not hesitate to call.



JOHN W. RHINESMITH, C.P.A., P.C.
Certified Public Accountant